Trade and Agriculture
What's at Stake for Maryland?

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Maryland's agricultural goods are exported worldwide. In 2000, the State's farm cash receipts totaled $1.5 billion, and its agricultural exports were estimated at $200 million. These exports help boost farm prices and income, while creating employment both on the farm and off the farm in food processing, transportation, and manufacturing. Exports are increasingly important to Maryland's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 14 percent in 2000.

Maryland's top five agricultural exports in 2000 were:

poultry and products -- $67 million
soybeans and products -- $39 million
feed grains and products -- $23 million
wheat and products -- $24 million
vegetables -- $15 million

World demand for these products is increasing, but so is competition among suppliers. If Maryland's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

Maryland Benefits From Trade Agreements

Maryland is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities for Maryland include:

One-third of Maryland's farm receipts come from broiler production. Therefore, Maryland benefits under the Uruguay Round agreement because South Korea eliminated its import quotas on frozen chicken (whole and parts) in 1997, and is progressively reducing its tariffs to between 18 and 20 percent by 2004. These market-opening steps supported a rise in U.S. poultry exports to South Korea from 22,000 tons valued at $28 million in 1996 to 83,000 tons valued at $52 million in 2000. The Philippines opened a tariff rate quota for poultry meat of 16,701 tons in 1998, which will reach 23,500 tons by 2004. This arrangement permitted U.S. poultry exports to rise from 2,700 tons valued at $3 million in 1997 to 17,000 tons valued at $14 million in 2000.

  Under the North American Free Trade Agreement, Mexico converted its import licensing regime for chilled and frozen poultry to a transitional tariff rate quota that will be phased out by 2003. From 1993 to 2000, U.S. poultry exports to Mexico rose from 164,000 tons valued at $188 million to 281,000 tons valued at $243 million.

- As a producer of soybeans, Maryland benefits under the Uruguay Round agreement as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. The tariff reduction has supported a threefold increase in export volume, with total sales reaching $32 million in 2000. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 40-percent increase in U.S. soybean meal exports that topped $160 million in 2000.

- Maryland benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at $486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.

- Maryland benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

  Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than doubled, from 20 million bushels to nearly 50 million bushels. In 2000, exports reached 66 million bushels valued at $200 million.